

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 AGRE-00 AID-05 TRSE-00

IGA-02 COME-00 OMB-01 SP-02 CIAE-00 INR-07 NSAE-00

L-03 FRB-03 /054 W

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R 070850Z MAR 77

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 3757

INFO AMEMBASSY MOSCOW

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E.O. 11652: N/A

TAGS: EAID, EAGR, BG, UR

SUBJECT: SOVIET WHEAT LOAN: REPAYMENT ARRANGEMENTS

REF: STATE 43818

1. ECON COUNSELOR DISCUSSED SUBJECT MARCH 4 WITH BDG FOOD SECRETARY MURSHED AND ASKED QUESTIONS REFTEL. ACCORDING MURSHED:

(A) CONTRACT WITH SOVIET UNION PROVIDES FOR REPAYMENT IN KIND, DELIVERED TO SOVIET PORTS (SOVIETS PROVIDED 200,000 MT, COMPOSED OF US, CANADIAN AND AUSTRALIAN WHEAT, DELIVERED BDG PORTS, IN 1973);

(B) REPAYMENT OF FIRST INSTALLMENT OF 40,000 MT HAS BEEN SCHEDULED FOR SEPTEMBER, 1975, BUT BDG OFFICIALS PREVAILED ON SOVIETS TO DELAY UNTIL SEPTEMBER 1976, START OF 5-YEAR STREAM OF ANNUAL REPAYMENTS OF 40,000 MT EACH. FY 1977 BUDGET CONTAINS PROVISION FOR PURCHASE OF THIS INSTALLMENT:

(C) IN JUNE/JULY, 1976, BDG QUOTE CALLED IN SOVIET AMBASSADOR END QUOTE TO REQUEST THAT LOAN BE CONVERTED TO GRANT, BUT, APPARENTLY AFTER CONSULTING MOSCOW, LIMITED OFFICIAL USE

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SOVIETS REPLIED THAT BDG MUST HONOR LOAN TERMS. BDG AGREED TO START REPAYMENTS IN SEPTEMBER, 1976. PROCEDURAL MATTERS HAD DELAYED LETTING OF TENDERS AND THE TWO COUNTRIES HAVE BEEN WORKING OUT DELIVERY DETAILS SINCE SEPTEMBER. (APPARENTLY, SOVIETS WISH TO BE REPAID IN SAME QUANTITIES AND QUALITY OF WHEAT SUPPLIED);

(D) AS CONTRACT PROVIDED FOR REPAYMENT OF LOAN IN

KIND, THERE WAS NO CONSIDERATION GIVEN TO PAYMENT IN JUTE OR OTHER COMMODITIES; AND

(E) BDG WILL MEET THIS LOAN COMMITMENT, AS IT MEETS ALL LOAN COMMITMENTS TO DONORS (E.G. REPAYMENT OF ITS PL-480, TITLE I LOANS).

2. THUS, ACCORDING MURSHED, SOVIET REFUSAL TO ACCEPT BDG REQUEST FOR GRANT, AND INSISTENCE ON REPAYMENT IN KIND, NOT LOWER WHEAT PRICES, PROMPTED THIS LONG-DELAYED PAYMENT OF FIRST INSTALLMENT; REVISED REPAYMENT SCHEDULE WILL REQUIRE SECOND TO FIFTY ANNUAL 40,000 MT WHEAT DELIVERIES TO USSR PORTS IN SEPTEMBER 1977 THROUGH SEPTEMBER 1980; AND BDG DID NOT CONSIDER POSSIBILITY OF SUBSTITUTING NON-FOOD COMMODITIES, SUCH AS JUTE, FOR WHEAT.
MASTERS

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 07-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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